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SUBJECT: EMPLOYING MEXICO'S INCARCERATED, ONE MAQUILA AT A  
TIME

11. SUMMARY. U.S. based Kojo Industries is working with the GOM and Mexican State governments to construct and operate maquiladoras at prisons throughout Mexico. The program is intended to reduce crime and encourage dual parenting while providing employment both during and after incarceration. Kojo has reached agreements with seven Mexican states. Currently one prison maquila is operating and a second is near completion. Mexico currently has approximately 110,000 prisoners of whom Kojo feels 25 percent are qualified to work. According to Kojo's calculations, maquilas in Mexico would have to shift less than two percent of their current employment levels to the prisons to allow all eligible prisoners to be employed. Kojo's promise to President Fox of creating 200,000 jobs over five years seems unrealistic, particularly with upcoming elections removing virtually all officials who have supported the project from power. END SUMMARY.

#### MAQUILA DESIGN

12. Joe Robertson, chief of Kojo Industries, has developed Industrial Rehabilitation Centers (CEINRE) in partnership with the GOM. Under the program, the GOM is responsible for constructing two maquilas at each prison which are then purchased by CEINRE. The maquila located outside of the prison opens first, followed by a "clone" maquila on the inside. The GOM is also responsible for providing prisoners who are willing to work full time six days a week, and designating entry/exit points where products and supplies can be received without delays.

13. Kojo Worldwide is based in Otay Mesa, California and has facilities in both the U.S. and Mexico. The company is the world's largest producer of bedcovers and draperies for the hospitality industry. Kojo had USD 40 million in sales in 2004 and projected sales of USD 60 million in 2005. Robertson has had prior experience with prison industries in the U.S. (Robertson, a U.S. citizen, proposed this project to President Fox but explained that in order for buy-in a Mexican national should be given control. Fox agreed with the assessment and granted Robertson Mexican citizenship.)

#### THE IDEAL PRISONER

14. When choosing prisoners to participate in its program, CEINRE seeks married prisoners with children, married prisoners without children, and single prisoners in that order. CEINRE provides employment to both the prisoner and their spouse and has developed this selection preference in order to reduce crime and encourage dual parenting. The organization believes that many spouses of inmates engage in crimes such as prostitution and drug sales in order to support families who lose the bread winner when the

husband/father is incarcerated. The maquila gives the prisoner's spouse a legitimate job and money with which to support herself and her family, as well as the ability to participate in government programs like social security. Inmates must have at least a year remaining on their sentence in order to be selected. They receive six months of job training before starting their job.

FROM CELL TO OFFICE  
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15. Once inmates have completed their training inside the prison, their spouses are immediately given employment at the maquila located outside of the prison. Kojo helps released inmate workers find a job at the maquila that is outside of the prison similar to the one they had inside when they are released.

CURRENT MAQUILAS AND GOVERNMENT INVOLVEMENT  
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16. A maquila located in a Chetumal prison currently employs 80 people on two shifts making duvets (quilt covers). A maquila in a Campeche prison to make draperies is near completion and will be inaugurated by President Fox. The GOM has agreed to support state governments in the development of the infrastructure necessary at the prisons for maquilas. The states of Quintana Roo, Campeche, Yucatan, Veracruz, Hidalgo, Baja California and Chihuahua have all signed Agreements of Interest with CEINRE.

IF YOU BUILD IT THEY WILL COME  
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17. Robertson promised President Fox the creation of 200,000

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jobs within five years. CEINRE is currently well short of that goal. The current prison maquilas are both maquilas of his own company, Kojo. The biggest challenge facing Robertson remains convincing other maquiladora companies to move their current operations to the prisons and/or expand there. Businesses who agree to participate in the program sign a contract agreeing to hire the spouse and hire the inmate upon his release from prison. In return the maquila receives a reduced labor cost and the maquila located inside the prison rent free.

COMMENT  
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18. Although CEINRE substantially reduces maquila operating costs, the creation of 200,000 jobs in five years seems highly unlikely due to prisons lacking the appropriate infrastructure for the maquilas and a lack of other companies willing to participate in the program.

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